REMARKS

Applicants reply to the Examiner's comments in the Advisory Action mailed on December 26, 2006, and submit these remarks and amendments. Applicants request that the Examiner consider the amendments and remarks prior to examining the above-referenced patent application after RCE. Claims 1-23 were pending in the application and the Examiner rejects claims 1-23. Reconsideration of this application is respectfully requested.

In the Advisory Action, the Examiner asserts that the Praisner reference discloses a parent spending power that is reduced by an amount less than the reduction of a child spending power. Applicant respectfully disagrees. However, to expedite prosecution, Applicant amends independent claims 1, 11, and 12.

The claims are amended to more clearly recite that the parent spending power is reduced in an amount that is less than a "spend transaction amount" of a subsidiary account. For example, a corporation maintains a parent account that has a spending power of $100,000. The corporation provides a subsidiary account to an employee with a spending power of $10,000. Under Praisner, the employee subsequently makes a spend transaction (e.g., purchase) in the amount of $6,000, thus the subsidiary spending power is reduced to $4,000 and the parent spending power is reduced to $94,000 (i.e., the parent spending power is reduced by the exact amount of the spend transaction). However, in the presently claimed invention, the parent spending power is reduced by an amount that is less than the reduction to the subsidiary account. Therefore, according to the example, the subsidiary spending power is reduced by $6,000 down to $4,000 as a result of the $6,000 spend transaction amount. However, the parent spending power may be reduced by only $2,500, which is less than the spend transaction. **In other words, the amended claim language obviates the Examiner's example in the Advisory Action, wherein the subsidiary spend may be less than the subsidiary spending power, because the present claims base the reduction in the parent spending power on the subsidiary's actual spend.**

This would result in a risk that is shared by both the corporation and the issuer of the parent account. Applicants respectfully request the Examiner to reconsider the following in light of the claim amendments.

Praisner discloses a system wherein a bank sets a "master credit limit" for an entity, and the entity provides a "dynamic payment card" to employees to allow execution of any company-

approved transactions, such that the dynamic payment card "preserves existing purchasing card functionality including standard credit limits on a per card basis" (Praisner, paragraph 128). Furthermore, in the example provided by Praisner beginning in paragraph 151, the master credit limit is $200,000, and this $200,000 credit limit is not affected by employees Mary, Ann, Tom, Sam, Sally, and/or any other employee having access to the master credit limit. Praisner discloses multiple cards being distributed to employees, wherein each employee has an associated credit limit; however, the credit limit extended to each employee has no affect on the master credit limit. In other words, the master credit limit disclosed in Praisner will always be $200,000, and the master spending power is reduced **in direct proportion** to the spend transaction amounts of the employees.

Significantly, and contrary to the prior art (specifically contrary to the Praisner reference), the presently claimed invention provides for the allocation of risk between the issuer and the owner of the master account. This is favorable to the owner of the master account in that she is not penalized with a reduced spending power that is proportionate to the spending of a subsidiary. In other words, the master account owner maintains a greater proportion of spending power when issuing lines of credit to subsidiaries than would otherwise be appreciated under prior art lines of credit. And, while the issuer shares the risk with the master account owner, according to the presently claimed invention, an issuer presenting lines of credit under the disclosed shared risk model would likely attract new higher-tier customers and build loyalty among existing account owners. As such, Praisner does not disclose or suggest at least, "reducing, at said host computer, said subsidiary spending power in said subsidiary account by a subsidiary spend transaction amount" and "reducing, at said host computer, said parent spending power by an amount less than said subsidiary spend transaction amount when said subsidiary account is linked to said parent account," as similarly recited in independent claims 1, 11 and 12.

Claims 2-10 and 13-23 variously depend from independent claims 1 and 12. As such, dependent claims 2-10 and 13-23 are allowable for at least the same reasons as set forth above, as well as in view of their own respective features.

In view of the above remarks, Applicants respectfully submit that all pending claims properly set forth that which Applicants regard as their invention and are allowable over the cited references. Accordingly, Applicants respectfully request allowance of the pending claims. The Examiner is invited to telephone the undersigned at the Examiner's convenience, if that would

help further prosecution of the subject application. Applicants authorize and respectfully request that any fees due be charged to Deposit Account No. 19-2814.

Respectfully submitted,

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